

# FISCAL NOTE

**Bill #:** HB0413

**Title:** Revise education fund for children placed by state agencies

**Primary**

**Sponsor:** Beck, Gary

**Status:** Second Reading

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Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$703,420	\$740,880
Federal Special Revenue	1,500	
<b>Revenue:</b>		
General Fund	\$150,000	\$150,000
<b>Net Impact on General Fund Balance:</b>	<b>\$553,420</b>	<b>\$590,880</b>

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<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

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## Fiscal Analysis

### ASSUMPTIONS:

1. HB 413 creates a "state education add-on" payment for school districts that are educating students, from outside of the school district, who are placed in foster group care or a therapeutic group home. The add-on is equal to 112.5% of the maximum per-ANB high school entitlement. The maximum per-ANB high school entitlement is \$4,773; therefore, the state education add-on payment will equal \$5,370 per student per year.
2. In October 1998, the CAPS program reported that there were 70 students in foster group care and 171 students in therapeutic group homes for a total of 241 students. An informal survey conducted by the Department of Public Health and Human Services indicates that 45% of the children served in these two settings are living in a group home located outside the child's school district of residence. (241 students x 45% = 108 students). The total annual payment to school districts for the 108 students from out of district would be \$579,960.

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3. The placement of students in foster group care and therapeutic group homes is projected to grow by 7% annually. The growth in group home placements is expected due to reductions in other residential care services within the mental health system.
4. In FY2000, there will be 116 students served in out-of-district foster group care and therapeutic group homes. The special education add-on cost for these students will be \$622,920. In FY2001, there will be 124 students served at a cost of \$665,880.
5. In FY98, counties deducted \$1,530,000 for out-of-county tuition payments from the county equalization funds. Of the total amount deducted, the tuition payments that would not be affected by this bill are:

Out-of-state tuition	\$313,800
"Normal" payments, incl. Yellowstone Academy and tuition to neighboring counties for students living closer to the district of attendance	\$716,900
Flathead County Juvenile Detention Center	<u>\$ 49,500</u>
	\$1,080,200

The remaining tuition paid from the county equalization account totals \$449,800 ( $\$1,530,000 - \$1,080,200 = \$449,800$ ). It is estimated that approximately one-third of this remainder pays for students placed out-of-county in foster group care and therapeutic group homes. Therefore, the tuition payments for out-of-county tuition is projected to be reduced by \$150,000.

5. Under HB 413, school districts will deposit the "state education add-on" payment into the miscellaneous programs fund. Under current law, the out-of-county tuition payments for students placed by state agencies in foster group care and therapeutic group homes are deposited in the school district general fund. State costs for guaranteed tax base aid are estimated to increase by approximately \$75,000 because of the reduction of \$150,000 in the tuition payments to the district general fund.
6. The net general fund cost to the state for the "state education add-on" is \$547,920 in FY 2000 ( $\$622,920 - \$150,000 + \$75,000 = \$547,920$ ) and \$590,880 in FY 2001 ( $\$665,880 - \$150,000 + \$75,000$ ).

**DPHHS impact**

7. The Child and Adult Protective Services system (CAPS) of DPHHS does not currently capture information regarding the school district in which a facility is located. The system would have to be modified so that this information could be captured and reported. The contractor estimates this modification would require 87.5 hours of programming at a cost of \$80/hr ( $87.5 \times 80 = \$7,000$ )

**FISCAL IMPACT:**

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$7,000	
Local Assistance – Add-on Payment	<u>697,920</u>	<u>740,880</u>
TOTAL	\$704,920	\$740,880

**Funding:**

General Fund (01)	\$703,420	\$740,880
Federal Special Revenue (03)	<u>1,500</u>	<u>0</u>
TOTAL	\$629,920	\$740,880

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Revenues:

General Fund (01)	\$150,000	\$150,000
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$(553,420)	(\$590,880)
Federal Special Revenue (02)	(1,500)	0

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

School district expenditures for the educational services provided to students who reside in foster group care and therapeutic group homes will now be paid from the miscellaneous programs fund with funding provided by the state. Under current law, these costs are paid from the school district general fund budget.